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*ADMITTED IN PENNSYLVANIA ONLY

RECORDATION NO. 9556 Filed & Recorded

JUL 14 1978 11 42 AM

INTERSTATE COMMERCE COMMISSION

June 28, 1978

8-195A015

RE JUL 14 1978

Date
Fee \$ 50

ICC Washington, D. C.

Secretary of the Interstate
Commerce Commission
Room 1227
Washington, DC 20423

Re: ICC Recordation of Security Interest
in Railroad Rolling Stock

Dear Secretary:

Pursuant to Section 49 U.S.C. 20c, we are enclosing \$50.00 and the original and five certified true copies of a June 21, 1978, Security Agreement to be recorded by the ICC.

The names and addresses of the parties to the enclosed Chattel Mortgage Security Agreement are as follows:

1. Debtor-Mortgagor

Alan J. Naness, President
Design Resources, Inc.
901 Thomas Street
Seattle, Washington 98109

2. Secured Party-Mortgagee

The Bank of California
P.O. Box 3095
Seattle, Washington 98114

RECEIVED
JUL 14 11 32 AM '78
I.C.C.
FEE OPERATION BR.

Secretary of the Interstate
Commerce Commission

Page Two

June 28, 1978

The general description of the equipment covered
by the enclosed Security Agreement is as follows:

Two, seventy ton, fifty foot, six inch
"XF" type Boxcars having identifying
markings, MDDE, representing the lessee
railroad, Maryland & Delaware Railroad,
and the designated serial numbers
MDDE 2239, MDDE 2240.

Kindly return the original and three copies to
this office.

Very truly yours,


Joe A. Shull

mrs

Enclosure

SECURITY AGREEMENT - PERSONAL PROPERTY

I (borrower), Alan J. Naness hereby grant The Bank of California, National Association (Bank), a security interest in the following described property (collateral):

RECORDATION NO. 9556
FILED & RECORDED
JUN 14 1978 11 42 AM

Two (2) 70 ton, 50 foot, 6 inch, XF type Boxcars having serial numbers

SN- MODE 2239

SN- MODE 2240

INTERNATIONAL COMMERCE COMMISSION

together with cash and non-cash proceeds of the collateral, all additions, accessions, added, replaced and/or substituted parts of collateral, tools, spare parts, accessories, supplies and improvements thereto now owned and hereafter acquired, and all proceeds of insurance policies and other property described in or to which borrower is or becomes entitled to receive on account of collateral.

2. I further agree that the above described personal property shall be and is security for (1) payment of any loan made at the same time as this Agreement, (2) payment of all of my existing and future debts to the Bank, (3) payment of all of my notes evidencing debts, and, (4) performance of all of my obligations under this Agreement and any other loan agreements between me and the Bank.

3. I further warrant, covenant, and agree with the Bank that:

A. **Warranties:** I am the owner of the personal property free and clear of any lien, encumbrance or security interest except as stated on my loan application, and (2) I will defend the personal property against any claim or demand adverse to the security interest of the Bank.

B. **Payment:** I will pay when due all debts secured by this Agreement, together with interest, and all rent, taxes, levies, assessments or other claims which are or may become liens against the above described personal property.

C. **Insurance:** I will, at all times, keep the above described personal property insured for its full replacement value with a company acceptable to Bank. The policy or policies of insurance shall be delivered to the Bank and shall contain an endorsement that Bank shall be the loss payee. The insurance shall also require a ten day notice of cancellation to Bank prior to any cancellation by the insurance company. Bank shall have no duty to purchase, at borrower's expense or otherwise, insurance to satisfy borrower's obligation to Bank.

The failure of borrower to have at all times in the hands of Bank the insurance coverage in force shall constitute a default under this Agreement and shall immediately cause the entire debt secured by the above described personal property to become immediately due and payable without notice unless the Bank, after knowledge of the breach, waives such breach in writing.

D. **Care of Property:** I will maintain the personal property, the subject of this Agreement, in a good and careful manner, and will properly maintain it to prevent deterioration or loss of value. I further agree not to further encumber, sell, remove, or otherwise

dispose of this personal property without first having obtained the written consent of Bank.

E. **Inspection:** Bank shall have the right to inspect the personal property at any time, and I agree to make any and all personal property in which Bank has a security interest available to Bank for inspection upon request.

4. **Events of Default are:**

A. Borrower's failure to pay or perform this or any agreement with Bank or breach of any warranty herein.

B. Any change in borrower's financial condition which in Bank's judgement impairs the prospect of borrower's payment or performance.

C. Any actual or reasonably anticipated deterioration of the collateral or in the market price thereof which causes it in Bank's judgement to become unsatisfactory as security.

D. Any levy or seizure against borrower or any of the collateral.

E. Any change in possession of security.

F. Any change in title or ownership of security.

G. Death, termination of business, assignment for creditors, insolvency, appointment of receiver, or the filing of any petition under bankruptcy or debtor's relief laws of, by or against borrower, or any guarantor of the debt.

5. **Rights on Default:** If I default in the performance of this Agreement, the entire debt hereby secured shall become immediately due and payable and Bank may proceed to enforce its security interest by any means provided herein or under the Uniform Commercial Code or otherwise allowed by law. Upon demand by Bank, I agree to assemble the security covered by this Agreement and make it available to Bank at such location as Bank may designate. All reasonable expenses, including legal expenses and attorneys' fees incurred by Bank in the exercise of its right to take possession and dispose of the collateral must be paid in order to redeem the property, the subject of this Security Agreement, or in the event of sale, shall be paid from the proceeds thereof.

6. **See reverse side for amendments, supplements, acknowledgements and certification.**

All rights hereunder shall inure to the benefit of Bank's successors and assigns, and all obligations of the borrower shall bind the borrower's heirs, executors, administrators, successors and assigns. If there be more than one borrower, their obligation hereunder shall be joint and several.

June 21, 1978 Alan J. Naness 901 Thomas - Seattle
Date Borrower Address

THIRD PARTY SECURITY AGREEMENT

The undersigned grants to Bank a security interest in all of the collateral described above on the terms above stated to secure payment to Bank of the debt of the above named borrower. The term "borrower" as used above means the undersigned in any provision dealing with the collateral, and means borrower in any provision dealing with the debt.

Date Borrower Address

7. Supplement to Security Agreement - Personal Property

A. "The Debtor covenants and agrees to cause to be plainly, distinctly, permanently and conspicuously marked upon the side of the collateral the following words in letters not less than 1" in height: BANK OF CALIFORNIA, SECURED PARTY. In case, during the continuance of this Security Agreement, any such marking on the collateral shall at any time be painted over or otherwise be made inconspicuous, removed, defaced or destroyed, the Debtor shall immediately cause the same to be restored or replaced."

B. "The Debtor covenants and agrees that it will cause this Security Agreement and all amendments, supplements and assignments hereto to be duly filed with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, at Debtor's sole cost and expense."

INDIVIDUAL FORM OF ACKNOWLEDGMENT

STATE OF Washington

County of King, ss:

On this 21st day of June 19 78, before me

personally appeared Alan J. Naness, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Bank of California, N.A.

(SEAL)

John R. Johnson

Title of officer

John R. Johnson

My commission expires _____

Assistant Vice President

STATE OF WASHINGTON, ss:

I, M. Vickery, a Notary Public in and for the

State of Washington, hereby certify that I have examined the original Security

Agreement dated June 21, 1978, and executed by Alan J. Naness

_____, and find this copy to be a true copy of the original Security Agreement in all respects.

Dated: June 21, 1978

M. Vickery
Notary Public

My Commission Expires:

May 17, 1981

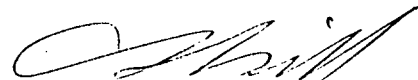
BILL OF SALE

Fruit Growers Express Company ("FGE") hereby transfers to Alan J. Naness ("Buyer") FGE's interest in the 70-ton 50'6" XF type freight Car(s) identified on the schedule attached hereto, upon delivery at Florence, South Carolina.

FGE hereby warrants to the Buyer that, at the time of delivery of the Car(s), FGE had legal title to the Car(s) and good and lawful right to sell the Car(s) and that the Car(s) are free of all claims, liens, security interests and other encumbrances of any nature. FGE further covenants to defend the title to the Car(s) against the demands of all persons whomsoever based upon claims originating prior to the delivery of the Car(s) by FGE.

FRUIT GROWERS EXPRESS COMPANY

By



President

June 21, 1978

[CORPORATE SEAL]

SCHEDULE OF DELIVERY

OF

70-TON, 50'6" XF TYPE FREIGHT CARS

RAILROAD REPORTING MARKS

MDDE 2239

MDDE 2240